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16-02-97

FS-1247-74
31 July 1974

MEMORANDUM FOR THE RECORD

SUBJECT: I. Irving Davidson

1. At 1000 hours on 31 July 1974, in compliance with instructions from Mr. Halpern, I met with Niel Ainsley, Chief, Covert Procurement/OL, relative to the Davidson matter. Ainsley read the Washington FO memo regarding the subject and then called Billy Morgan and asked him to join us. Morgan as Chief, Operations Support Branch, Supply Division/OL, has the direct responsibility of funding for, receiving, and storing items of the type that Davidson is seeking to peddle. After Morgan read the Washington memo, a long discussion ensued from which the following points emerged:

a. Per instructions from Mr. Colby, the CIA is currently engaged in a dialogue with the DoD to determine the mutual responsibilities of the CIA and the DoD in future paramilitary operations. One of the most important aspects of this matter is logistical support. Although this has not yet been settled, the assumption is that the CIA will continue to bear the major responsibility for procuring Soviet, Bloc, and PRC arms and ammo to support paramilitary ops. This has never been a mission of the three military services and they have no capability for this type of acquisition. (The principal CIA rep in these discussions with the DoD is James Glgrum, Deputy Chief, SOG.)

b. The CIA inventory of 7.62 Soviet ammo has been seriously depleted in the past year and, for several months, Ainsley has been seeking to procure up to 4 million rounds through different sources without success. Each attempt to secure ammo involves some security risk.

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c. In view of this fact, Morgan offered the opinion that from a logistical point of view it would be advantageous to purchase the entire 25 million rounds from Davidson (at a cost he estimated to be in the range of $3,125,000.00). This would provide the Agency with a five-year supply and eliminate the necessity for Ainsley running the security gauntlet every few months to replenish the inventory.

d. Nevertheless, because of Davidson's unsavory reputation and his close connection with columnist Jack Anderson, it was generally agreed that his utilization would be risky in the extreme.

2. Ainsley suggested that we run the problem by his boss, Michael Malanick, Chief, Office of Logistics. Accordingly we met with Malanick and his Deputy, James McDonald. After a thorough rehash of the matter, it was agreed that:

a. Morgan will confer with SOG and determine the feasibility of taking the entire 25 million rounds.

b. Ainsley and Morgan will check with their legitimate arms dealers and see if any of them have ever heard of Davidson. If so, one of them will approach him and ask (innocently) if he knows of any 7.62 ammo available.

c. There is also a possibility that one of Ainsley's regular contacts might have some idea as to who Davidson's source is. In that case the source will be approached directly and Davidson will be cut out of the pattern.

d. DCD will instruct the Washington Field Office to tell Davidson that there is no CIA interest in this acquisition and bow out of this affair.

WILLIAM D. MATHER
Chief, Format Section

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